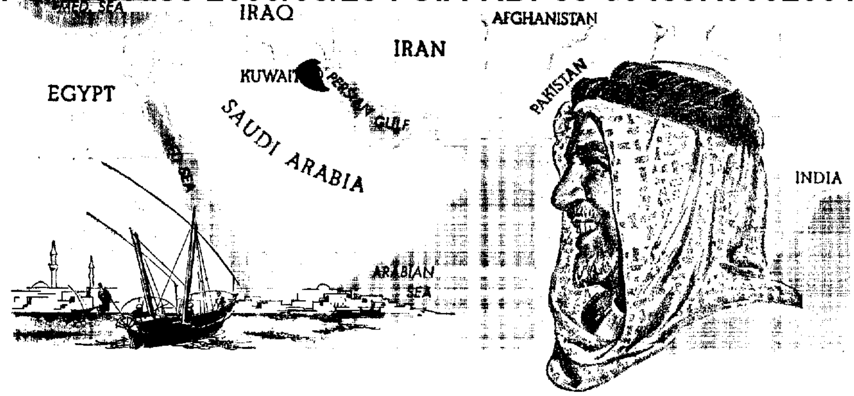

Croesus of Kuwait

By
Edwin Muller

> *His problem, of vital concern to the world: How to spend $160,000,000 a year — wisely*

He lives in a modest house in a backward little city on the shore of the Persian Gulf. His income for 1952 is estimated at something like $160,000,000. He pays no income tax. In the palmiest days of the Rockefellers, Morgans and Indian princes none had wealth remotely approaching this.

Abdullah as-Salim as-Subah wears a long robe of woven camel's hair and a head cloth bound with cord. A tall, strongly built man of about 60, he has a natural dignity of carriage. His look is kindly — but not always. His voice is low, but bears the force of authority. He is the ruler of Kuwait, a country only a little larger than Connecticut. Its one city is surrounded by the Gulf and the sands of the desert.

Under the rolling dunes of that sand is the greatest concentration of treasure on earth. The Burgan Field, 25 miles south of the city of Kuwait, contains 12 to 15 billion barrels of oil. About one sixth of all the known oil on earth lies in this egg-shaped area eight or ten miles long. At current prices the oil in Burgan is worth 20 to 25 billion dollars. And every barrel of it belongs outright and personally to the ruling sheik.

Five years ago Kuwait, unchanged since the time of Mohammed, looked like the most remote and forgotten corner of the earth. It was a city of 100,000, huddled inside a mud wall

which encircled low flat-roofed houses of mud brick. Dust, inches deep in the narrow winding streets, was stirred up by strings of camels and donkeys. For six months of the year it never rains in Kuwait; 120 in the shade is not unusual. There were few wells. Fresh water had to be brought in by ship from 100 miles up the coast. A few merchants and pearl traders were moderately rich, but the great majority of the population lived in unspeakable slums, in a welter of dirt and disease.

Then, like a tidal wave from a calm sea, came the oil.

The concession for Kuwait oil was obtained in 1934 by the Kuwait Oil Co., owned 50-50 by Gulf Oil Corp. of Pittsburgh, Pa., and Britain's Anglo-Iranian Oil Co. Oil was found in 1938, but production was halted by the war. The great flood of oil that burst out of Kuwait about 1947 was a surprise even to the industry.

In the United States the average oil well yields 16 barrels a day. In the Middle East the average is close to 4000; some wells go as high as 16,000. A well costing $250,000 to drill may bring back the full cost within a week, then go on flowing $10,000,000 a year, year after year. The Burgan Field, by 1949, was producing 240,000 barrels of oil a day. Last year it reached 650,000 and it's still going up.

The impact of oil on Kuwait was violent. The desert erupted in a turmoil of noise and intense activity. The dunes were dotted with drilling rigs and huge storage tanks. At night the desert was lit up for miles around by the "flares," burning off the gas. On the shore of the Gulf the biggest loading dock in the world, a mile long, pushed out into deep water. Tankers steamed in eight at a time, filled their tanks, gave place to others.

Towns appeared in the desert, looking like American suburbs. There were long streets of one-story houses, office buildings, guest houses, hospitals.

Surrounding these colonies of Americans and British were larger settlements of Kuwaiti natives who lived in tents and all sorts of temporary shacks. There were jobs by the thousand. At first the natives could be used only as unskilled labor. Even so, to a man who had managed to keep alive in a city slum on ten cents a day $2 was a fortune. When the company hurried through a program of training schools, natives became driller helpers, mechanics, welders, pipelayers, carpenters, truck drivers.

Soon the company began to farm out much of its construction work to local men. Some native contractors had hundreds on their payrolls, opened bank accounts in London and New York.

In the city of Kuwait the bazaars broke out in an extraordinary rash of foreign goods: canned luxury foods, gaudy new furniture, washing machines, refrigerators, radios. A horde of foreign promoters descended on the town, selling anything from toothpaste to mining stock.

In the midst of this rising commotion, in 1949, the old ruler, Ahmad al Jabir, died. He was succeeded by his cousin, the present ruler, Abdullah as-Salim as-Subah.

Abdullah is a scholar and a man of great steadiness of purpose. When he became ruler it was expected that he would live on the lavish scale of Oriental royalty. Instead he went on much as before, in the same modest house. (He uses the palace only for business.)

Last year Abdullah's income from oil was $30,000,000. When he addressed himself to the problem of spending that sum, his first official pronouncement made his policy clear: "This wealth belongs to the people. I am only its watchman. The oil will be exhausted someday. But, if the money is invested in the people, in their mental and physical improvement, that benefit will endure."

Cleanliness in Kuwait was practically unknown — there was barely enough fresh water to drink. The oil company had built a huge distillation plant for its settlements, distilling fresh water from the sea at the rate of 600,000 gallons a day. Abdullah now began construction of a plant for the city that would produce 1,200,000 gallons daily. He also built a big modern hospital and a tuberculosis sanatorium.

Kuwait's educational establishment had consisted of four small primary schools with about 600 pupils. Abdullah began to build 20 new schools to serve 8000. And he planned a secondary school, a junior college with lecture rooms, laboratories, library, gymnasium, dormitories for 700. Kuwait had been a cramped city of narrow, dirty streets and mean houses crowding each other. Abdullah planned a city of broad thoroughfares and spacious public buildings.

It was all very fine — on paper. But when the great shipments of material — trucks, bulldozers, steam shovels, furniture — began to arrive, there was no effective coördination. Houses were demolished to make room for new streets before adequate housing had been provided for the displaced people. With no expert supervision of the budget, there was graft.

Abdullah turned to the British for help. In spite of the general dislike of the British in the Middle East, Abdullah admires them, believes they are still needed. He engaged a corps of 100 British experts, among them General H. F. Hasted, British Army engineer who had carried out a multimillion-dollar construction program in India; G. C. L. Crichton, an experienced financial executive; and Dr. Eric Parry, a trained hospital administrator.

Abdullah also asked help of Americans: Dr. Stephen Penrose,* head of the American University of Beirut, advised on education; L. T. Jordan, resident general manager of Kuwait Oil Co., gave expert help on construction programs.

Out of chaos, the fine new world

*See "The Arabs Don't Love Us Any More," The Reader's Digest, June, '50.

which Abdullah conceived has begun to take shape. But you can't jump centuries in a few years. In the streets of Kuwait the old and new still mingle. An aged Bedouin curses as he hauls his camel out of the way of a Cadillac. The minarets of a mosque have been wired for sound — and the muezzin's call to prayer is made by loudspeaker. In a modern garage a turbaned mechanic gets out from under a car and prostrates himself on the floor, facing Mecca. A party of young sheiks, changed into Western clothes, boards a plane for Beirut to have a round of night clubs.

The ruler, who follows literally the precepts of the Koran, disapproves drinking and stays home. He devotes his time to the Plan, confers with his advisers and experts, inspects the work in progress. Sometimes he is apt to decree sudden enlargements of the Plan. Lately he liked the dormitories of the junior college so well that he decreed the accommodations should be increased by 200 beds. Such impulses are rather upsetting to an integrated building program. For himself his wealth brings nothing that he didn't already have — except headaches. He has only one relaxation. Every Friday (the Moslem Sunday) he sails in his dhow with two or three old friends to a little island out in the Gulf where he has a primitive summer house. He comes back unwillingly to the turmoil of the city.

There are two reasons for Abdullah's sudden increase in revenue — from $30,000,000 last year to $160,000,000 this year. Production of the Burgan Field was stepped up sharply to meet the loss in oil caused by the collapse in Iran. At the same time a new arrangement, now standard in the region, was made with the ruler: 50–50 split of profit before taxes.

It was possible — almost — for Abdullah to spend $30,000,000 a year on a population of 150,000, although the greater part of a year's income has already accumulated in the banks. But how to spend $160,000,000? The answer to that question may affect the future of all of us.

The industry and armament of the free world needs the oil of the Middle East. And yet that region totters on the edge of chaos. Egypt lately came close to a total collapse of law and order. Iran is in similar danger, as are other Arab states. The underlying reason for its instability is not, as is often stated, rising nationalism and hatred of the West but the extreme poverty and misery of the great mass of its people.

The Middle East, with its 100 billion dollars of oil underground, contains within itself the potential capital needed for land development, for irrigation, industrial expansion, for schools and hospitals. The trouble is that practically all the oil is in the countries having the smallest populations — Kuwait, Saudi Arabia, Iraq, Iran. Little or none is in the more thickly populated countries — Egypt, Syria, Lebanon, Jordan, Israel, Turkey. The result is

that, in the midst of plenty, the Middle East looks to the West for aid. But does it need to?

It has been suggested that the ruler of Kuwait devote the larger part of his enormous revenue to establishing a fund to finance a unified plan for developing all the Arab states of the Middle East. Contributions to such a fund might be made by Saudi Arabia and Iraq, and by the foreign oil companies, as an investment in the stability of the Middle East.

The difficulties in administering such a fund would be immense, chiefly because of the lack of unity among the Arab states. The Arabs have an old proverb: "We Arabs have agreed only to disagree." Yet they have a common language and religion. A common economic plan might bring them together.

To take the initiative in such a plan would require great wisdom. Perhaps Abdullah as-Salim as-Subah, the richest man in the world, will prove to be also one of the wisest.

Let's Get Together

The Union Generator, the newspaper of Local 601 of the International Electrical, Radio and Machine Workers, CIO, recently printed the following letter from union member George Snodgrass, a tester for ten years at the Westinghouse Switchgear Division in the East Pittsburgh plant:

"It seems to me that there is more to be gained by coöperating in every possible way to try to increase the company's profit rather than to drag our feet and cuss the company for making a profit by the sweat of our brows. It is our duty in all honesty to give a fair day's work for a day's pay.

"The employe has a stake in the company even if he does not own a single share of stock. He has a job that represents an investment of from $5000 upward. Someone else invested the money to make the job for him, and the amount of money the employe makes will depend on how much money he makes for the investor. It's as simple as that. If he does not produce, it is economically impossible for him to make more money, and no amount of grievances or strikes can change it.

"Reform begins with self. If we do not deal fairly with the company, we cannot long expect them to deal fairly with us.

"If the union goes to management with trifles and no kind of case for the things they hope to gain, management will soon learn to turn a deaf ear to their plea, but if each plea is justified it should not be hard to get a hearing at any time.

"I hope to see the time when employes and management both deal in the Christian manner with each other. Why not give it a try?"

So You Think You're Grown-Up!

Condensed from McCall's

Bruce Bliven, Jr.

HOW OLD do you have to be before you're an adult? By psychological standards you can be grown-up at 20 or a child at 50. It depends on your attitudes. This quiz will help you gauge them.

1. Would you ever, by choice, spend an evening alone? YES ___ NO ___
2. Suppose your heart is set on going to one restaurant but your friends decide on another. The food is terrible. Would you remind them you hadn't wanted to go there? YES ___ NO ___
3. Suppose you're at a meeting and a vote is about to be taken endorsing an action you think is unsound. You haven't a chance of changing the majority's mind. Would you make a protest statement? YES ___ NO ___
4. For lack of time have you ever abandoned a whole series of "extracurricular" tasks you set for yourself? YES ___ NO ___
5. In a coöperative project, at home or outside, do you usually do a little more than your share? YES ___ NO ___
6. Would you admit that from a stranger's point of view you were more interesting ten years ago? YES ___ NO ___
7. When a better system of doing something is suggested are you among the first to see its advantages? YES ___ NO ___
8. Suppose you met an old schoolmate who had been spectacularly successful since graduation. Would your jealousy outweigh your happiness at his good fortune? YES ___ NO ___
9. As a general rule, is it fairly easy for you to wait a long time for things you want? YES ___ NO ___
10. The speaker asks for questions from the audience. Do you hesitate for fear you'll phrase your question badly? YES ___ NO ___
11. Are you an active member of any organization working for the improvement of your community? YES ___ NO ___
12. Are you unsympathetic toward those who seem to bring embarrassment and humiliation upon themselves? YES ___ NO ___
13. Have you studied anything in more than a superficial way in the last year or two? YES ___ NO ___
14. Were your carefree school days the happiest? YES ___ NO ___
15. Have you answered these questions honestly, without trying to decide what counts as "right"? YES ___ NO ___

To see how "mature" you are, turn to page 92.